

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE APPLICATION OF BIG RIVERS)	
ELECTRIC CORPORATION FOR AN ORDER)	
AUTHORIZING IT TO (a) BORROW)	
\$1,110,740,000.00 FROM THE UNITED)	
STATES OF AMERICA THROUGH THE)	
RURAL ELECTRIFICATION ADMINISTRA-)	
TION, OR THE FEDERAL FINANCING BANK)	CASE NO. 7990
OR OTHER ELIGIBLE LENDER UNDER 12)	
U.S.C. 2285 (b), AND TO (b) ISSUE)	
APPROPRIATE EVIDENCE OF INDEBTEDNESS)	
TO SECURE THAT DEBT)	

O R D E R

On October 9, 1980, Big Rivers Electric Corporation filed with the Commission its application seeking authorization to borrow a sum in the principal amount of \$1,110,740,000 from the United States of America through the Rural Electrification Administration, or the Federal Financing Bank or other eligible lenders as authorized under 12 U.S.C. 2285 (b) and to execute appropriate evidence of indebtedness to secure such debt.

The proceeds from the proposed borrowing will be used to finance the construction of the D. B. Wilson Generating Plant on Green River and in Ohio County, Kentucky at a location near the intersection of Kentucky Highway 85 and said river. The Commission, by Order dated June 17, 1980, in Case No. 7557 granted Big Rivers a Certificate of Convenience and Necessity and a Certificate of Environmental Compatibility for the construction of said plant. The certificate covered construction of a generating station, two new generating units with a net rated capability of 395 Mw each, and any and all appurtenant and related equipment and facilities, including, but not limited to transmission, rail, barge, pollution control, and other facilities and equipment appurtenant to or related to the said D. B. Wilson Generating Station (all of which are known herein as the "Wilson Station").

The matter was set for hearing on the 14th day of October, 1980, in the Commission's offices at Frankfort, Kentucky. The hearing was held as scheduled and no protests were entered.

The Commission, after consideration of the application and record and being advised, is of the opinion and FINDS:

1. The United States of America, acting by and through the Rural Electrification Administration, has issued a "Loan Guarantee Commitment" to Big Rivers in the amount of \$1,110,740,000.00. Under this commitment the United States will guarantee a loan in the said amount to Big Rivers Electric Corporation from a legally organized and qualified lending agency pursuant to a Contract of Guarantee satisfactory to REA, the United States, and the lending agency.

2. Pursuant to said Loan Guarantee Commitment the REA has issued to Big Rivers a Mortgage Note for execution and delivery by Big Rivers to the Federal Financing Bank, a Loan Commitment Agreement dated August 14, 1974, by and between Federal Financing Bank, an instrumentality and wholly owned corporation of the United States, and the Administrator of the REA, likewise an agency of the United States, and a form of Supplemental Mortgage and Security Agreement to be executed by and between Big Rivers, the United States of America, acting through the Administrator of the REA, and the Louisville Bank for Cooperatives, all of which are filed in the record as Attachment 4.

3. Big Rivers proposes to construct the Wilson Station from the proceeds of said loan from the Federal Financing Bank, which acts pursuant to 12 U.S.C. 2281, and related sections, unless better arrangements can be made. The Federal Financing Bank will charge a variable rate of interest, not less than the rate determined by the Secretary of the Treasury of the United States, taking into consideration:

(a) The current average yield on outstanding marketable obligations of the United States of comparable maturity, or

(b) Whenever the bank's own obligations outstanding are sufficient, the current average yield on outstanding obligations of the bank of comparable maturity.

4. The proceeds of the loan from the Federal Financing Bank will be drawn by Big Rivers through a series of loan advances as money is needed for the Wilson Station. The maturity date of each advance shall be subject to approval in writing by REA and shall not be less than two years nor more than seven years after the date of the advance; provided, however, that Big Rivers may select a maturity date of thirty-four years after the end of the calendar year in which such advance was made. The interest rate for each note will be the Federal Financing Bank rate in effect on the date of each loan advancement.

5. The said loan will be secured by a lien upon the assets of Big Rivers as set forth in a Supplemental Mortgage and Security Agreement filed as a part of Attachment 4 to the application herein.

6. The proposed loan and the assurances for delivery of the evidences of indebtedness and the evidences of security therefor are for lawful objects within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its services to its public and will not impair its ability to perform such services and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED, that:

1. Big Rivers Electric Corporation be and is hereby authorized to:

a. Borrow ONE BILLION, ONE HUNDRED TEN MILLION, SEVEN HUNDRED FORTY THOUSAND DOLLARS (\$1,110,740,000.00).

b. Execute, issue and deliver appropriate notes or other evidences of such indebtedness.

c. Execute, issue and deliver appropriate instruments for securing the said debt by lien on the assets of Big Rivers.

d. Execute, issue and deliver a Promissory Note or Notes to the Federal Financing Bank and a Supplemental Mortgage and Security Agreement of the United States of America, acting through the REA and the Louisville Bank for Cooperatives and a Supplement thereto, all in substantially the forms as filed herein as a part of Attachment 4 to the application, and the amendments to Attachment 4.

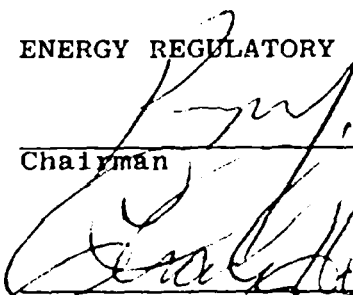
e. Execute, issue and deliver such other instruments and take such further steps as may reasonably be necessary to consummate the said loan and the security therefor.

2. All of the securities and evidences of indebtedness, and the proceeds thereof, as herein authorized, shall be used only for the lawful purposes as set out in the application, which purposes are the acquisition and construction of the Wilson Station as heretofore defined.

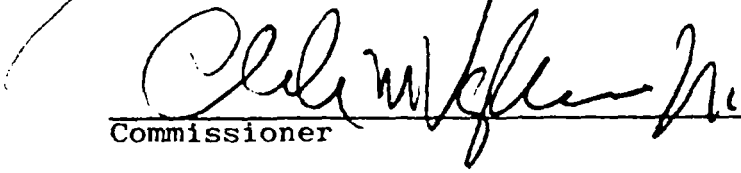
Nothing contained herein shall be deemed a warranty or finding of value of any securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky on this 13th day of November, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary